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A Professional Limited Liability Company

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Of Counsel
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August 17, 2005

VIA OVERNIGHT DELIVERY

Executive Director
South Carolina Public Service Commission
The Koger Center
101 Executive Center Drive
Columbia, SC 29210

Re: Application by Universal Access, Inc. An dVanco Direct USA, LLC for
approval of an Asset Purchase Agreement and Transfer of Customers

Dear Sir or Madam:

On behalf of Universal Access, Inc. and Vanco Direct USA, LLC, enclosed please find an original and five (5) copies of the referenced Application and Verified Testimony.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,



EllenAnn G. Sands

Enclosures

**BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF SOUTH CAROLINA**

APPLICATION BY UNIVERSAL ACCESS, INC. AND VANCO DIRECT USA, LLC FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT AND TRANSFER OF CUSTOMERS)))))))	CASE NO.
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JOINT APPLICATION

Universal Access, Inc. ("UAI") and Vanco Direct USA, LLC ("Vanco") (together, "Applicants"), pursuant to the applicable Statutes of this State and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby jointly request Commission approval of a transaction whereby, pursuant to an Asset Purchase Agreement (the "Agreement"),¹ Vanco will acquire substantially all of the assets of UAI, including, but not limited to, UAI's customer accounts in this State (the "Acquisition").

Since August 2, 2004, Universal Access Global Holdings, Inc. ("Holdings"), its wholly owned subsidiary, UAI, and each of UAI's wholly owned subsidiaries, have been operating under the protection of the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court").² The Agreement has been approved by the Bankruptcy Court.³

In connection with the filing of this Application, Applicant, Vanco, which is not presently certified as a telecommunications provider in this state, has filed an

¹ A copy of the Agreement is attached hereto as Exhibit "A."

² See In Re: Universal Access Global Holdings, Inc., et al., Case No. 04 B 28747 (Jointly Administered) (the "Chapter 11 Case") pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division.

³ A copy of the Order of the Bankruptcy Court is attached hereto as Exhibit "B".

application for certification to operate as a reseller of both local and long distance telecommunications service in this State.⁴

Applicants respectfully submit that the expeditious completion of the Acquisition is necessary to ensure uninterrupted service to UAI's customers. In particular, UAI's financial difficulties substantially limit its ability to compete effectively and hamper the company's ability to obtain the resources required to fulfill customer requests and continue to provide high quality services. UAI will continue to provide service to its customers until such time as Vanco's certification to provide telecommunications services has been approved as well as the approval of the Agreement and this Application.

Applicants emphasize that the Acquisition will not change the rates, terms and conditions under which UAI's customers will receive service. The Acquisition benefits UAI customers by providing them assurances that they will continue to receive the same high quality services previously rendered to them. In compliance with applicable law, customers of UAI will be informed of the Acquisition.⁵ Accordingly, approval of the Acquisition will not in any way be detrimental to the public interests of this State.

In support of this Application, Applicants submit the following:

I. THE PARTIES

1. Vanco is a Delaware limited liability company with principal offices located at 1420 Kensington Road, Suite 103, Oak Brook, Illinois 60523. Vanco has applications for certification as a local and long distance telecommunications resale provider pending

⁴ See Vanco's Interexchange and CLEC application filed in Docket No. 2005-231-C dated 8/4/05.

⁵ The proposed form of the customer notice is provided in Exhibit C attached hereto.

with the Commission.⁶ Vanco is currently filing applications for certification to provide resold local and long distance telecommunications services throughout the United States.

2. UAI is a Delaware corporation with principal offices located at 200 S. Wacker Drive, Suite 1200, Chicago, IL 60606. UAI is a certificated local and long distance telecommunications resale provider in this State.⁷ UAI's parent company, Holdings, is publicly held. Since August 2, 2004, UAI has been operating as a debtor and debtor-in-possession under the supervision of the U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division.

II. DESIGNATED CONTACTS

3. The designated contact for questions concerning this Application is:

EllenAnn G. Sands, Esq.
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Russell M. Blau, Esq.
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rmbrau@swidlaw.com
Ddorvis@swidlaw.com

⁶ Vanco's applications are pending in Docket No. 2005-231-C.

⁷ UAI provides resold local and long distance telecommunications services in this State pursuant to authority granted as of 5/11/2000.

4. Copies of such correspondence should also be sent to:

Vanco Direct, USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523
Telephone: (630) 218-5890
Facsimile: (630) 218-5891

Universal Access, Inc.
Richard Monto, Esq.
Chief Legal Officer
200 S. Wacker Drive, Suite 1200
Chicago, IL 60606
Fax: (312) 660-1290
Rmonto@universalaccess.net

The Official Committee of Unsecured Creditors
Of UAI
Richard M. Adler, Esq.
Winston & Strawn LLP
101 California Street, Suite 3900
San Francisco, CA 94111
Fax: (415) 591-1400
radler@winston.com

III. REQUEST FOR APPROVAL OF THE ACQUISITION

5. The Acquisition contemplates the following:

- a. Vanco will receive ownership, right, title and interest in and to substantially all of UAI's assets, including its customer accounts, as defined in the Agreement.
- b. The bankruptcy estate of UAI will receive the purchase price set forth in the Agreement, pursuant to an Order of the Bankruptcy Court approving the Agreement.

6. Vanco is well-qualified to consummate the transactions which are the subject of this Application. Current financial information for Vanco was previously provided in connection with Vanco's application for certification and is incorporated herein by reference. The technical, managerial and financial personnel of UAI will

continue to oversee the operations of UAI until such time as Vanco receives its authority to provide service in this State. The technical, managerial and financial personnel of UAI will assist Vanco with the transition and integration of the acquired Assets after consummation of the transaction. Information on Vanco's management team was previously provided in connection with Vanco's application for certification and is incorporated herein by reference.

7. Because Vanco will acquire substantially all of the assets of UAI and UAI will thereafter cease operations in this State, UAI will no longer require authority to provide service in this State. Applicants therefore respectfully request that, through this proceeding, the Commission grant any authority necessary to permit UAI to discontinue service upon approval of this Application and consummation of the Acquisition, and permit UAI to relinquish its certification in this State, simultaneously with the effective date of the Acquisition.

IV. PUBLIC INTEREST CONSIDERATIONS

8. Crucial to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by UAI. The Acquisition will serve the public interest in that it will ensure that current UAI customers maintain uninterrupted service.

9. The Acquisition will not have any impact on UAI's customers in terms of the services that they receive. In particular, the Acquisition will not cause any change to the rates, terms and conditions of service that UAI's customers receive. Vanco has incorporated such rates, terms and conditions into its tariffs by separate filing.

10. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Vanco to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this State at competitive rates.

V. EXPEDITED REVIEW

11. Applicants request expedited review and disposition of the instant Application due to UAI's financial difficulties and in order to ensure that the transaction is transparent to the affected customers with no interruption in service.

VI. NO TRANSFER OF CERTIFICATES

12. Applicants do not request transfer of UAI's Certificates of Public Convenience and Necessity, or other operating authority, to Vanco. UAI requests that its Certificates be considered surrendered upon approval of UAI's authority to provide service in this State and upon completion of the instant transaction.

VII. CONCLUSION

13. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission approve the Agreement and authorize UAI and Vanco to consummate the Acquisition as soon as possible.

DATED this 17th day of August, 2005.

Respectfully submitted,



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Counsel for Vanco Direct USA, LLC

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Douglas D. Orvis II
Swidler Berlin LLP
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Washington, DC 20007
Telephone: (202) 424-7835
Fax: (202) 295-8478
Counsel for Universal Access, Inc.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO.

Verified Testimony of Brian Registe

IN RE: Application for Approval of an Asset Purchase Agreement between Universal Access,
Inc. and Vanco Direct USA, LLC

- Q. Would you please state your name, title and business address for the record?
- A. Brian Registe, Financial Controller of Vanco Direct USA LLC., 1420 Kensington Road, Suite 103, Oak Brook, Illinois 60523.
- Q. What authority does the Application seek?
- A. The application requests Commission approval of an Asset Purchase Agreement between Universal Access, Inc. ("UAI") and Vanco Direct USA, LLC ("Vanco"). Under the Agreement, Vanco will acquire substantially all of the assets of UAI, including, but not limited to, UAI's customer accounts
- Q. Does UAI presently hold authority from the Commission?
- A. Yes. UAI is a certificated carrier in this state, pursuant to authority granted 5/11/2000.
- Q. Does Vanco presently hold authority from the Commission?
- A. No. Vanco has an application pending before the Commission to provide interexchange and CLEC telecommunications services in Docket No. 2005-231-C.
- Q. Will UAI continue to provide service as an independent entity after the transaction?
- A. No. Vanco will provide service pursuant to its own certification and UAI will cancel its certification.

Q. How will the transaction affect UAI's current customers in South Carolina?

A. The transaction will ensure that current UAI customers maintain uninterrupted service. All current UAI customers will be given the opportunity to switch their service from UAI to a different carrier. Those customers of UAI who choose not to switch their service to a different carrier will receive service from Vanco pursuant to Vanco's South Carolina authority.

Q. Is Vanco experienced and financially qualified to consummate this transaction?

A. Yes. Vanco is well-qualified to consummate the transactions proposed in the Application.

Q. Does this complete your testimony at this time?

A. Yes, it does.

STATE OF ILLINOIS

COUNTY OF DU PAGE

VERIFICATION

I, Brian Registe, am the Financial Controller of Vanco Direct USA, LLC, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 

Name: Brian Registe

Title: Financial Controller

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 12th day of August, 2005.


Notary Public

My commission expires:



STATE OF ILLINOIS

COUNTY OF COOK

VERIFICATION

I, Richard L. Monto, am the Chief Legal Officer of Universal Access, Inc., and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: Richard L. Monto
Name: Richard L. Monto
Title: Chief Legal Officer

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 27th day of July, 2005.

Pamela A. Buchanan
Notary Public

My commission expires: 04/23/2009.

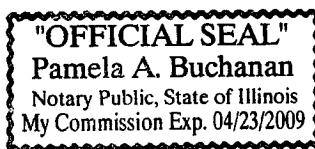


EXHIBIT A

ASSET PURCHASE AGREEMENT

EXHIBIT A

The Sale Agreement

VANCO AND UNIVERSAL ACCESS

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of March 24, 2005 (the "Effective Date") and amended and re-executed May 17, 2005, between VANCO DIRECT USA, LLC, a Delaware Limited Liability Company ("Buyer" or "Vanco"), and UNIVERSAL ACCESS GLOBAL HOLDINGS INC., a Delaware corporation; UNIVERSAL ACCESS, INC., a Delaware corporation; UNIVERSAL ACCESS OF VIRGINIA, INC., a Virginia corporation; TRI-QUAD ENTERPRISES, INC., a Connecticut corporation; and UNIVERSAL ACCESS COMMUNICATIONS, INC., a Delaware corporation (collectively, "Sellers" or "Debtors" or individually, "Seller" or "Debtor").

PRELIMINARY STATEMENTS:

1. Sellers are engaged in the business of providing private line telecommunications and other related services to communications intensive customers (collectively, the "Business").
2. Sellers are the debtors and debtors in possession in In re: Universal Access Global Holdings Inc., et al., Case No. 04 B 28747 (Jointly Administered) (the "Chapter 11 Case"), pending in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, the Honorable Jack B. Schmetterer, presiding (the "Bankruptcy Court").
3. Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, substantially all of the assets owned and used by Sellers in connection with the Business (other than those assets specifically excluded herein), all on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 **Definitions.** In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1 and shall be equally applicable to both the singular and plural forms. Any agreement referred to below shall mean such agreement, as amended, supplemented and modified from time to time to the extent permitted by the applicable provisions thereof and by this Agreement.

"Accounts Receivable" has the meaning specified in Section 2.1(f).

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly Controls, is Controlled by or is under common Control with such Person.

"Agreement" has the meaning specified in the preamble.

"Allocation Schedule" has the meaning specified in Section 7.9.

"Assumed Liabilities" has the meaning specified in Section 2.5.

"Auction" has the meaning specified in Section 7.6(a).

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. § 101 et seq.

"Bankruptcy Court" has the meaning specified in the Preliminary Statements.

"Bidding Procedures Order" has the meaning specified in Section 7.6(a).

"Break-Up Fee" has the meaning specified in Section 7.6(a).

"Business" has the meaning specified in the Preliminary Statements.

"Business Day" means any day which is not a Saturday, Sunday or a statutory holiday in the State of Illinois.

"Buyer" has the meaning specified in the preamble.

"Carrier Contracts" means the Contracts of Sellers with carriers for live circuits servicing customers.

"Closing" means the closing of the (i) transfer of the Purchased Assets, other than the Non-Transferred Assets, from Sellers to Buyer and (ii) payment of the Purchase Price and assumption of the Assumed Liabilities by Buyer from Sellers.

"Closing Date" means the date of the Closing.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contracts" has the meaning specified in Section 2.1(c).

"Control" means the power, direct or indirect, to direct or cause the direction of the management and policies of a Person through voting securities, contract or otherwise.

"Creditor" has the meaning set forth in 11 U.S.C. § 101.

"Cure Amounts" has the meaning specified in Section 9.1(d).

"Deposit" has the meaning set forth in Section 3.1(a).

"Effective Date" has the meaning set forth in the preamble.

"Encumbrance" means any lien, claim, interest, charge, security interest, encumbrance, mortgage, pledge, easement, option, right of first refusal, conditional sale or other title retention agreement, defect in title, covenant or other restrictions of any kind. "Encumbrance" does not include any encumbrance that is not removable under Section 363(f) of the Bankruptcy Code.

"Equipment" has the meaning specified in Section 2.1(a).

"Excluded Assets" has the meaning specified in Section 2.2.

"Excluded Liabilities" has the meaning specified in Section 2.6.

"Executive Officer" means with respect to a corporation the president, chief executive officer, chief operating officer, chief financial officer, or their functional equivalents.

"Expenses" means any and all expenses incurred in connection with defending or asserting any claim, action, suit or proceeding incident to any matter indemnified against hereunder (including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel).

"FCC" means the United States Federal Communications Commission.

"Federal Telecommunications Laws" means the Communications Act of 1934, as amended, including amendments made by the Telecommunications Act of 1996, 47 U.S.C. § 151 et seq., and the rules, regulations and orders of the FCC.

"Governmental Body" means any foreign, federal, state, local or other governmental authority or regulatory body.

"Incremental Bid Amount" has the meaning specified in Section 7.6(a).

"Initial Overbid Amount Requirement" has the meaning specified in Section 7.6(a).

"Intellectual Property" has the meaning specified in Section 2.1(e).

"Knowledge" means the actual knowledge of the Person, including, in the case of a corporation, knowledge attributed to the corporation based on the actual knowledge of its Executive Officers.

"Management Agreement" has the meaning specified in Section 8.2.

"Motion" has the meaning specified in Section 7.6.

"Non-Transferred Assets" has the meaning specified in Section 2.7.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or Governmental Body.

"Personal Property" has the meaning specified in Section 2.1(a).

"Purchase Price" has the meaning specified in Section 3.1(b).

"Purchased Assets" has the meaning specified in Section 2.1.

"Qualifying Bidder" has the meaning specified in Section 7.6(a).

"Real Property Leases" has the meaning specified in Section 2.1(b).

"Requirements of Laws" means any federal, state and local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Body (including, without limitation, those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements) or common law.

"Sale Approval Order" has the meaning specified in Section 7.6(b).

"Section 366 Order" means those Orders entered by the Bankruptcy Court in connection with the Motion of Debtors and Debtors-in-Possession for an Order Determining Adequate Assurance of Payment for Future Utility Services filed on August 19, 2004.

"Seller" and **"Sellers"** have the meanings specified in the preamble.

"Services Agreement" has the meaning specified in Section 2.4.

"State Regulatory Commission" means the agency, board, commission, department, or other instrumentality of a State, Territorial, District of Columbia, or Commonwealth government within or associated with the United States, having jurisdiction under that government's laws to regulate the provision of intrastate telecommunications services.

"State Telecommunications Laws" means state statutes governing intrastate telecommunications in the States of the United States, the District of Columbia, and Territories and Commonwealths within or associated with the United States (the "States"), and the rules, regulations, and orders of the State Regulatory Commissions applicable to such intrastate telecommunications.

"Tax" (and, with correlative meaning, **"Taxes"** and **"Taxable"**) means:

(i) any federal, state or local net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, transfer, stamp, or environmental tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, addition to tax or additional amount imposed by any governmental authority; and

(ii) any liability for the payment of amounts with respect to payments of a type described in clause (i) as a result of being a member of an affiliated, consolidated, combined or unitary group, or as a result of any obligation under any Tax sharing arrangement or Tax indemnity agreement.

"Tax Return" means any return, report or similar statement required to be filed with respect to any Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

"Telecommunications Laws" means the Federal Telecommunications Laws and the State Telecommunications Laws.

"Transferred Employees" has the meaning specified in Section 8.1.

ARTICLE II

PURCHASE AND SALE

2.1 **Purchased Assets.** Upon the terms and subject to the conditions of this Agreement, effective as of the Closing Date, Sellers shall sell, transfer, assign, convey and deliver to Buyer, and Buyer shall purchase from Sellers, free and clear of all Encumbrances, all right, title and interest of Sellers in, to and under the assets described in this Section 2.1 (herein referred to as the "Purchased Assets"):

(a) all tangible personal property of Sellers, including without limitation all machinery, equipment (including, without limitation, telecommunications equipment, computer equipment, routers, switches, concentrators, peripherals and related hardware) ("Equipment"), furniture, fixtures, leasehold improvements and all other fixed or tangible assets owned or leased under assumed Contracts, including, without limitation, those items described on Schedule 2.1(a) (collectively, the "Personal Property"), except those items to be retained by Sellers pursuant to Section 2.2 hereto;

(b) all real property leases and subleases as set forth in Schedule 2.1(b), plus such other leases as the parties may agree to add after the Effective Date, but prior to Closing (the "Real Property Leases");

(c) all of Sellers' rights in or under (i) all contracts with customers, all Carrier Contracts, and all software licenses, including without limitation those listed on Schedule 2.1(c)(i) and (ii) all contracts with carriers (other than Carrier Contracts), vendors, software developers and others and the equipment leases listed on Schedule 2.1(c)(ii), plus such other contracts as the parties may agree to add after the Effective Date, but prior to Closing (collectively, the "Contracts") and all claims and causes of action thereunder;

(d) all of Sellers' rights in and to security and vendor deposits, prepayments and refunds existing with respect to the assumed and assigned Real Property Leases and Contracts, including, without limitation, those listed on Schedule 2.1(d), excluding any deposits addressed in the Section 366 Orders or held in the form of letters of credit;

(e) all of Sellers' intellectual property and intangible property, including without limitation all of Sellers' (1) trademarks, service marks, brand names, certification marks, collective marks, d/b/a's, domain names, logos, symbols, trade dress, product configurations, assumed names, fictitious names, internet protocol addresses, trade names, indicia of origin, all applications and registrations for any of the foregoing, together with all goodwill associated with any of the foregoing and symbolized thereby, including all extensions, modifications and renewals of same; (2) inventions, discoveries and ideas, whether patentable or not, and all patents, registrations and applications therefore, including divisions, continuations, continuations-in-part and renewal applications, and including renewals, extensions and reissues; (3) confidential and proprietary information, trade secrets and know-how relating to the

Business, including processes, schematics, databases, customer and other resource lists, formulae, drawings, prototypes, models, designs, and any confidential, secret or proprietary aspects of the Business, including, without limitation, marketing information, pricing arrangements with customers and suppliers or financial information relating to the Business; (4) computer software required to operate the "Lattis System" utilized by Sellers and all other proprietary computer software of Sellers, including, without limitation, all computer programs, object code, source code, user interface, databases and documentation; (5) rights in works of authorship, including databases and other compilations of information; and (6) other intellectual property or proprietary rights owned by Sellers including without limitation those utilized in, developed in connection with or material to the Business, including without limitation any of the foregoing listed on Schedule 2.1(c) (collectively, the "Intellectual Property");

(f) all accounts receivable of the Business relating to services or products to be supplied on or after the Closing Date, including all accounts receivable that have been billed by Sellers in advance for services or products that have not yet been provided prior to the Closing Date, together with any and all proceeds of any of the foregoing (collectively, the "Accounts Receivable");

(g) all of Sellers' books of account, records, files (including those relating to customers and carriers), customer lists, invoices and similar financial books, records and information, employment records and files, and Sellers' engineering and other technical books, papers, files and records (including all data and other information stored on discs, tapes, including back up tapes, or other media) relating to the Business;

(h) all rights to enforce any and all agreements between Sellers and their respective employees relating to noncompetition, invention assignment, proprietary information and/or confidentiality; except that Seller shall retain any cause of action against any employee for damages to the extent of loss or damage suffered by Debtors or their estates on account of employee conduct occurring prior to the Closing Date;

(i) all other rights of Sellers relating to the Business, including, without limitation, all goodwill relating to the Business;

(j) all transferable permits and licenses;

(k) all transferable phone, fax numbers, carrier identification codes;

(l) all websites;

(m) all rights under warranties; and

(n) all proceeds of insurance arising from damage to, destruction of or loss relating to the Purchased Assets or covering claims, if any, for which Buyer may have successor liability, provided, however, with respect to any successor liability claims, such proceeds shall be used solely either to satisfy such liability directly or, if Buyer or Debtors have already satisfied such a claim, to reimburse Buyer or Debtor to the extent of such satisfaction.

It is the intention of the parties that all assets of Sellers other than Excluded Assets are to be included in the sale hereunder. Accordingly, if any asset of Sellers, which is not an Excluded Asset, is not transferred to Buyer at Closing, Sellers shall, at Buyer's request, cause it to be transferred to Buyer for no additional consideration, subject to Bankruptcy Court approval, including assuming and assigning any executory contracts and unexpired leases.

2.2 **Excluded Assets.** Any provision herein to the contrary notwithstanding, the Purchased Assets shall not include any of the following assets (the "Excluded Assets"):

(a) all cash, cash equivalents or other funds of Sellers as of the Closing Date (other than those funds specifically described in Section 2.1(f));

(b) all rights of set off and recoupment, all actions under 11 U.S.C. §§ 544 through 550, and all counterclaims, offsets, defenses and denials against claims of creditors, and all rights and claims of Sellers, whether known or unknown, absolute or contingent, matured or unmatured, or otherwise, against third parties whether in tort, contract or otherwise, other than those relating to or arising under the Contracts (except to the extent necessary to set off against claims of Creditors or to recover damages against Debtors' estates);

(c) all accounts receivable of the Business that related to services or products supplied prior to the Closing Date, including without limitation, claims against ComPath Communications, together with any and all proceeds of any of the foregoing; and

(d) those assets described on Schedule 2.2(d); Buyer may, with the prior written consent of Sellers and the Official Committee of Unsecured Creditors appointed in the Chapter 11 Case, at any time prior to Closing, move Personal Property, Real Property Leases and Contracts from Schedules 2.1(a), 2.1(b) and 2.1(c)(i) and (ii) to this Schedule after further due diligence; provided, however, that so moving any Personal Property, Real Property Leases or Contracts shall not result in any reduction of the Purchase Price.

2.3 **Sellers' Access to Records and Personnel.** Sellers, so long as any of them remain a debtor in a case under any chapter of the Bankruptcy Code, shall, at reasonable times and on reasonable notice, have access to all records and Transferred Employees for all actions that are reasonably necessary or reasonably proper to administer such case under the Bankruptcy Code.

2.4 **Designation of Certain Carrier Contracts as Excluded Assets.** Sellers may, in their discretion, prior to the Closing Date, designate any of the Carrier Contracts under the AT&T Master Carrier Agreement dated as of June 19, 2001, including all Data Attachments, as amended, to become an Excluded Asset, meaning that Sellers shall have no obligation to assume it and assign it to Buyer. Further, Sellers may, but only with Buyer's consent, which may be withheld by Buyer, in its sole and absolute discretion, designate their Master Service Agreement dated June 30, 2004 with Level 3 Communications, LLC, to become an Excluded Asset, meaning that Sellers shall have no obligation to assume it and assign it to Buyer. If a Contract is so designated in accordance with this Section 2.4, then: (i) Sellers and Buyer shall enter into a services agreement substantially in the form attached hereto as Exhibit A (the "Services Agreement"); (ii) Sellers shall not reject such Contract for the lesser of (x) the term of the Services Agreement or (y) 120 days after the Closing Date; and (iii) Sellers shall, pending their

assumption or rejection of the Contract, pay all undisputed post-petition charges arising under such Contract, provided that Buyer shall have no liability or obligation for charges arising under such Contract (except such liability to the Debtors as provided by the Services Agreement) unless and until the Debtors assume and assign or modify, assume and assign any such Contract to Buyer, in which event Buyer shall be responsible for such charges arising on or after the date of such assignment. Buyer and Sellers shall cooperate and use best efforts to cause all customer traffic to be migrated as quickly as possible off of circuits which are the subject of such a Contract. Reprovision of circuits under such a Contract shall be to carriers that meet industry standards for reliability. To Sellers' Knowledge, any circuit under a Carrier Contract that is designated as an Excluded Asset pursuant to this Section 2.4 can be reprovisioned on an alternative carrier's network. In the event that Buyer experiences any loss of customer revenue because a carrier terminates services under a Contract designated under this Section 2.4, then Seller shall reimburse Buyer for such revenue loss by an amount equal to the product of (i) the margin value of each terminated circuit as set forth in Schedule 2.4 and (ii) 48, up to a maximum amount of \$1.2 million in the aggregate. Costs of reprovisioning, including, without limitation, carrier installation, increased circuit costs, man time of Buyer and early termination liability under the Carrier Contracts shall be the responsibility of Sellers. Nothing herein shall prohibit the Sellers from assuming and assigning or modifying, assuming and assigning to Buyer any Contract designated as an Excluded Asset under this Section 2.4 with the consent of Buyer, which consent may be withheld by Buyer in its sole and absolute discretion.

2.5 Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, effective as of the Closing Date, Buyer shall assume and agree to discharge all of Sellers' obligations under the Contracts and the Real Property Leases, which are to be performed or which accrue after the Closing Date (the "Assumed Liabilities").

2.6 Excluded Liabilities. Notwithstanding anything to the contrary contained in this Agreement or otherwise, Buyer shall not assume or be obligated to pay, perform or otherwise discharge any liability or obligation of Sellers, direct or indirect, known or unknown, absolute or contingent, not expressly assumed by Buyer pursuant to Section 2.5 (all such liabilities and obligations not being assumed being herein called the "Excluded Liabilities"). Without limiting the generality of the foregoing, all of the following shall be Excluded Liabilities for purposes of this Agreement:

- (a) any liabilities or obligations in respect of any Excluded Assets;
- (b) all accounts payable arising from the Business (including without limitation those arising under Contracts) which accrue or arise prior to the Closing Date and which remain unpaid on the Closing Date, except insofar as they pertain to services rendered or goods delivered to Buyer on or after the Closing Date and any obligation for such services or goods shall be treated as Assumed Liabilities and discharged by Buyer.
- (c) claims of Creditors;
- (d) severance and other claims of Sellers' employees against the Sellers;
- (e) any and all federal or state regulatory charges or assessments in respect of operations of Sellers prior to the Closing Date, including but not limited to all universal service

fund charges, federal excise taxes, FCC charges for network access, local number portability charges, telecommunications relay service charges, local communications taxes, state gross receipts taxes, state utility privilege taxes and 911 fees;

(f) all taxes payable or that become payable by Sellers arising from the conduct of the Business prior to the Closing Date. All sales taxes and universal service charges collected by Buyer attributable to a sale that occurred prior to the Closing Date shall be remitted to the appropriate taxing authority or universal service administrative company for credit to Sellers' account; and

(g) any liabilities or obligations of Sellers arising prior to the Closing Date, except as expressly assumed by Buyer in writing.

2.7 **Non-Transferred Assets.** Notwithstanding the foregoing provisions of Article II, the parties agree that, to the extent that as of the Closing certain of the Purchased Assets cannot be transferred to Buyer pending Buyer obtaining the requisite telecommunications regulatory authorizations from State regulatory agencies and/or consent of State regulatory agencies to the transfer of such Purchased Assets, Sellers shall retain title to such assets (the "**Non-Transferred Assets**") and any Assumed Liabilities related to such assets, pending receipt of such authorizations and consents upon the terms set forth in the Management Agreement. Upon receipt from time to time of any such necessary consents, such Non-Transferred Assets as are subject to such consents shall be transferred to Buyer and Buyer will assume all related Assumed Liabilities; and within five (5) Business Days of Buyer's written request, Sellers will deliver a bill of sale and such other instruments of transfer or conveyance as Buyer may reasonably request or as may be otherwise necessary to evidence and effect the sale, assignment, transfer, conveyance and delivery of all of Sellers' right, title and interest in such Non-Transferred Assets, and the requirements of Article IV below shall have been deemed to be satisfied as if such Non-Transferred Assets and related Assumed Liabilities had been transferred to and assumed by Buyer at the Closing.

2.8 **Prorations at Closing.** All items of income, expense, charges, fees and costs covered by this Agreement shall, to the extent earned, incurred or accrued for a period that starts before and ends after the Closing Date, be pro-rated as of the Closing Date with Sellers receiving or responsible for the pro-rated amount for the period before the Closing Date and Purchaser receiving or responsible for the pro-rated amount from and after the Closing Date. Such pro-rated amounts shall be determined at Closing or, if not possible to calculate at that time because of insufficient information, promptly after such information is available. To the extent that either party requests a post-closing reconciliation of pro-rations at Closing, such reconciliation will be made within 45 days after Closing.

ARTICLE III **DEPOSIT; PURCHASE PRICE; PURCHASE PRICE ADJUSTMENTS**

3.1 Deposit, Purchase Price and Related Matters.

(a) Buyer has paid to Seller \$1,000,000 in good and immediately available funds as an earnest money deposit (the "**Deposit**"). The Deposit has been deposited into a

segregated interest bearing money market account at LaSalle Bank, N.A. (the "Bank"). The interest on the Deposit shall accrue to and for the benefit of Buyer. The Sellers will be entitled to retain the Deposit and the interest accrued thereon upon the Closing. Sellers will hold the Deposit and the interest accrued thereon in accordance with the terms of this Agreement.

(b) In consideration for the sale and transfer of the Purchased Assets, Buyer shall at the Closing assume the Assumed Liabilities as provided in Section 2.5 and shall: -

(i) pay to the Sellers in cash in immediately available funds \$18,700,000 (Eighteen Million, Seven Hundred Thousand Dollars), less the Deposit and all interest accrued thereon, and

(ii) satisfy (thereby reducing or eliminating the Seller's obligation to pay) all liquidated and undisputed Cure Amounts up to a maximum of \$3,500,000 due to such counterparties to such Contracts and Real Property Leases as the Buyer may decide in its discretion. To the extent Cure Amounts satisfied by Buyer do not total \$3.5 million, the remaining portion of the Purchase Price set forth in this section 3.1(b)(i) automatically is converted to the payment of cash to Sellers in immediately payable funds, and such conversion shall occur 10 business days after Closing (such amounts in Clauses 3.1(b)(i) and (ii) are together referred to as the "Purchase Price"). Notwithstanding this subparagraph 3.1(b)(ii), Purchaser has no standing to object or otherwise appear or take any position on the allowance of Cure Amounts.

(c) If Sellers pay in advance charges that are Assumed Liabilities of the Buyer (including prepayments made by Debtors under Section 366 Orders relating to such Assumed Liabilities), Buyer will reimburse Sellers for these amounts. Such reimbursement will be made on the Closing Date. Sellers shall not pay such advances unless contractually required to do so or required to do so pursuant to order of the Bankruptcy Court. Sellers will notify Buyer of any such payments before they are paid, other than those monthly prepayments made in accordance with the Section 366 Orders. To the extent that either party requests a post-closing reconciliation of reimbursements not ascertainable at Closing, such reconciliation will be made within 45 days after Closing.

(d) If Sellers collect in advance amounts that are related to services to be provided by the Buyer on or after the Closing Date, Buyer may deduct such amounts from the Purchase Price. Sellers will reimburse Buyer for these amounts to the extent not deducted from the Purchase Price. Such reimbursement will be made on the Closing Date. Sellers will provide weekly reports of collections up through Closing Date. To the extent that either party requests a post-closing reconciliation of reimbursements not ascertainable at Closing, such reconciliation will be made within 45 days after Closing.

3.2 Purchase Price Adjustment.

(a) If any Non-Transferred Assets are not transferred to Buyer within 180 days after the Closing Date (or such longer period as Buyer consents to in writing), then Sellers shall reimburse Buyer the amount set forth opposite such Non-Transferred Asset on Schedule

3.2(a) hereof, provided that the aggregate amount to be so reimbursed shall not exceed fifteen percent (15%) of the Purchase Price.

ARTICLE IV CLOSING

4.1 **Closing Date.** The Closing shall be consummated at the offices of Duane Morris, LLP, 227 West Monroe Street, Chicago, Illinois, no later than five (5) Business Days after all conditions set forth in Article IX have been satisfied or waived (other than those conditions with respect to actions of the parties to be taken at the Closing itself, but subject to the satisfaction or waiver of such conditions), provided the Sale Approval Order has not been stayed, modified or reversed. Notwithstanding the foregoing, the parties may elect to close at such other time, date and place as they may mutually agree.

4.2 **Assumption of Liabilities.** Subject to fulfillment or waiver of the conditions set forth in Article IX, at Closing, Buyer shall assume the Assumed Liabilities by instrument of assumption in a form agreed to by Buyer and Sellers and consistent with the provisions of this Agreement, or, in the alternative, by order of the Bankruptcy Court. In connection with Buyer's assumption of the Assumed Liabilities, Buyer shall furnish such adequate assurance of future performance as the Bankruptcy Court shall have ordered, or as to which the non-debtor party to the Contract or Real Property Lease shall have otherwise agreed.

4.3 Closing Deliveries.

(a) Buyer's Deliveries.

- (i) the Purchase Price (less the Deposit and the interest accrued thereon);
- (ii) an executed instrument of assumption in accordance with Section 4.2;
- (iii) a certificate of good standing for Buyer issued as of a recent date by the Delaware Secretary of State;
- (iv) a certificate of the Secretary of Buyer or competent officer, dated the Closing Date, in form and substance reasonably satisfactory to Sellers, as to the resolutions of the Board of Directors of Buyer authorizing the execution and performance of this Agreement and the contemplated transactions;
- (v) such other documents as may reasonably be required to effectuate the transactions contemplated herein; and
- (vi) the executed Services Agreement.

(b) Sellers' Deliveries.

- (i) an Instrument of Assignment and Bill of Sale duly executed by Sellers conveying the Purchased Assets, other than the Non-Transferred Assets, to Buyer and in a form agreed to by Buyer and Sellers consistent with the provisions of this Agreement;
- (ii) the legal opinion from Sellers' telecommunications counsel contemplated by Section 9.1(c);
- (iii) the Management Agreement;
- (iv) such other bills of sale, assignments and other instruments of transfer or conveyance as Buyer may reasonably request or as may be otherwise necessary to evidence and effect the sale, assignment, transfer, conveyance and delivery of all of Sellers' right, title and interest in the Purchased Assets, other than the Non-Transferred Assets, to Buyer; and
- (v) the executed Services Agreement to the extent necessary.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

As an inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Sellers represent and warrant to Buyer and agree as follows:

5.1 Organization of Sellers. Each Seller is a Debtor-in-Possession in the Chapter 11 Case.

5.2 Authority of Sellers. Subject to entry of the Sale Approval Order, and provided such order is not stayed, modified, vacated or reversed, each Seller has full corporate power and authority to execute, deliver and perform this Agreement.

5.3 Title to Assets; Sufficiency of Assets. Subject to the entry of the Sale Approval Order, and provided such order has not been stayed, modified, vacated or reversed, upon the Closing Buyer shall own the Purchased Assets, free and clear of all Encumbrances. The Purchased Assets (including without limitation the computer software) are sufficient to conduct the Business substantially as presently conducted.

5.4 Contracts To the best of Sellers' knowledge, complete and correct copies of each of the Contracts and Real Property Leases on Schedule 2.1(b) and Schedule 2.1(c)(i) and (ii) (including all schedules, exhibits, annexes, amendments, and modifications relating thereto) have heretofore been delivered to Buyer by Sellers. Upon the Closing, such Contracts and Real Property Leases shall be in full force and effect.

5.5 No Finder. Neither Sellers nor any Person acting on their behalf have paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement other than Daniels & Associates, L.P. Sellers shall indemnify and hold Buyer harmless from any claim against Buyer from

Daniels & Associates, L.P. or anyone claiming by, through or under Seller arising from this transaction, which indemnification obligation shall survive Closing.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYER

As an inducement to Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Sellers and agrees as follows:

6.1 **Organization of Buyer.** Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, is authorized to transact business in Illinois and has full corporate power and authority to utilize its assets and to carry on its business as now conducted.

6.2 **Authority of Buyer; Noncontravention** Buyer has full power and authority to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Buyer have been duly authorized and approved by Buyer's board of directors and do not require any further authorization or consent of Buyer. This Agreement has been duly executed and delivered by Buyer and is the legal, valid and binding agreement of Buyer enforceable in accordance with its terms, and upon execution and delivery by Buyer will be a legal, valid and binding obligation of Buyer enforceable in accordance with its terms and does not violate the terms of any contract, agreement, rule, law or regulation by which Buyer is bound.

6.3 **No Finder.** Neither Buyer nor any person acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement other than Acquest International L.P. Buyer shall indemnify Sellers and hold them harmless from any claim against Sellers by Acquest International or L.P. or anyone claiming by, through or under Buyer arising from this transaction, which indemnification obligation shall survive Closing.

6.4 **Sufficiency of Funds.** Buyer has unencumbered cash on hand or credit arrangements with financially responsible third parties, or a combination thereof, in an aggregate amount sufficient to enable it to pay the Purchase Price and all other amounts payable by it in connection with this Agreement and the transactions contemplated hereby.

6.5 **Regulatory Authorizations.** Buyer either (a) has all necessary authorizations from Government Bodies to provide international, domestic interstate, and intrastate telecommunications services in each jurisdiction in which any Seller currently offers such services, or (b) knows of no reason why it cannot obtain all such authorizations from Government Bodies in the ordinary course of business and is not subject to any order from any Government Body disqualifying it from holding such authorization.

6.6 **Solvency.** Buyer is solvent and will not be left insolvent or with an unreasonably small capital as a result of this transaction.

6.7 Buyer's Investigation. As of Closing, Buyer will have conducted due diligence investigation of Sellers to its satisfaction.

ARTICLE VII

ACTION PRIOR TO THE CLOSING DATE

The respective parties hereto covenant and agree to take the following actions between the date hereof and the Closing Date.

7.1 Access to the Business. Sellers shall afford to the officers, employees and authorized representatives of Buyer (including, without limitation, independent public accountants and attorneys) reasonable access during normal business hours to the offices, properties, employees and business and financial records of the Sellers to the extent Buyer shall reasonably deem necessary or desirable and shall furnish to Buyer or its authorized representatives such additional information concerning the Purchased Assets, the Business and the operations of Sellers as shall be reasonably requested, including all such information as shall be necessary to enable Buyer or its representatives to verify the accuracy of the representations and warranties contained in this Agreement, to verify that the covenants of Sellers contained in this Agreement have been complied with, and to determine whether the conditions set forth in Article IX have been satisfied. Buyer agrees that such investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of Sellers. No investigation made by Buyer or its representatives hereunder shall affect the representations and warranties of Sellers hereunder. Buyer expressly acknowledges that any information it receives pursuant to this Section 7.1 is subject to the confidentiality provisions set forth in Section 11.2.

7.2 Preserve Accuracy of Representations and Warranties. Each of the parties hereto shall refrain from taking any action that would render any representation or warranty contained in Article V or VI of this Agreement inaccurate as of the Closing Date.

7.3 Operations Prior to the Closing Date. Between the Effective Date and the Closing, Sellers will cause the Business to be operated in the ordinary course of business, and shall not take any action inconsistent with the transactions contemplated hereby and will not permit any material transaction outside the ordinary course of business in respect of the Business without the express written approval of Buyer (which shall not be unreasonably withheld) or unless so ordered by the Bankruptcy Court after notice to Buyer. Without limiting the generality of the foregoing, Sellers shall not, without the express written approval of Buyer, which shall not be unreasonably withheld, or authorization by order of the Bankruptcy Court:

(a) Except as set forth on Schedule 2.1(e), fail to maintain or renew all copyright, trademark and patent applications or fail to maintain any registered copyrights, trademarks or patents;

(b) fail to maintain in good working order any Equipment, unless it has a de minimis impact upon the Business;

(c) fail to maintain all insurance covering loss or destruction of the Purchased Assets or conduct of the Business currently in effect;

(d) fail to maintain all material relationships with lessors, licensors, suppliers, customers, and employees of the Business;

(e) fail to preserve the strict confidence of all trade secrets related to the Business, subject to the Seller's ability to disclose information to other prospective bidders in accordance with the terms of the standard non-disclosure agreement furnished to prospective bidders;

(f) enter into any contract, agreement, undertaking or commitment affecting the Business outside of the ordinary course of business;

(g) sell, lease (as lessor), transfer or otherwise dispose of (including any transfers from a Seller to any of its Affiliates), or mortgage or pledge, or impose or suffer to be imposed any Encumbrance on, any of the Purchased Assets;

(h) unless to Sellers' benefit, amend, modify, extend, renew or terminate any Contract or Real Property Lease or terminate, waive or amend any right under any of the Contracts or Real Property Leases; or

(i) enter into any business or arrangement or otherwise take any action that would reasonably be expected to have a material adverse impact on the ability of the Buyer to obtain any material consents of governmental entities necessary in connection with the Business;

(j) intentionally fail to notify Buyer in writing of the commencement of any material litigation against any Seller or the Business;

(k) intentionally fail to notify Buyer in writing of the proposed entry into any Contract or Real Estate Lease and the intention to reject any Contract or Real Estate Lease (other than Seller's Lease at 200 Paul Street in San Francisco); or

(l) fail to comply with all Requirements of Law applicable to the Purchased Assets, and promptly after receipt thereof, give Buyers copies of any notice received from any Governmental Body or other Person alleging any violation of or liability under any such Requirements of Law.

To the extent that there is any ambiguity as to whether a contract, agreement, undertaking or commitment affects the Business or the Purchased Assets or is outside of the ordinary course of business, Sellers shall consult with Buyer in good faith prior to entering into such contract, agreement, undertaking or commitment. For purposes of clarity, nothing in this Section 7.3 shall be construed to in any way limit Sellers' ability to auction the Purchased Assets to the highest bidder at the Auction.

7.4 Notification by Sellers of Certain Matters. During the period prior to the Closing Date, Sellers will promptly advise Buyer in writing of (a) any notice, objection or other communication from any third Person alleging that the consent of such third Person is or may be required in connection with the transactions contemplated by this Agreement, and (b) any material default under any Contract or Real Property Lease or event which, with notice or lapse of time or both, would become such a default on or prior to the Closing Date and of which Sellers have Knowledge.

7.5 **Notice of Sale.** Sellers shall serve the following parties with the Bidding Procedures Order and notice of the Auction and the hearing with respect to the Sale Approval Order: (a) counsel to the Official Committee of Unsecured Creditors appointed in the Chapter 11 Case, (b) the Internal Revenue Service, (c) the Securities and Exchange Commission, (d) the Office of the United States Trustee, (e) the taxing authorities of each state where Purchased Assets are located, (f) Buyer and its counsel, (g) all persons who are known to possess or assert a lien against or a security interest in, or claim ownership of, any of the Purchased Assets; (h) all parties who are listed as parties to any of the Contracts and the Real Property Leases; and (i) all parties who have filed an appearance or request for notice in the Chapter 11 Case. Sellers shall serve the following parties with notice of the Auction and the hearing with respect to the Sale Approval Order: (a) all known creditors of Sellers; (b) all known shareholders of Sellers as of March 1, 2005; and (c) all current employees of Sellers and employees of Sellers as of August 4, 2004.

7.6 **Bankruptcy Court Approvals.** Within five (5) business days after Buyer's execution hereof, Sellers shall file and serve a motion pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, as applicable, in form and substance reasonably satisfactory to Buyer (the "Motion") and shall use all reasonable efforts and act in good faith to:

(a) Upon notice complying with all applicable rules and orders of Court, seek entry of an order in form and substance satisfactory to Buyer (the "Bidding Procedures Order"), among other things (i) approving the payment of a break-up fee of Three Hundred Ninety Thousand Dollars (\$390,000) (the "Break-Up Fee") (which amount shall be deemed inclusive of Buyer's expenses), as administrative priority claims under Bankruptcy Code Sections 503(b) and 507(a), payable upon closing with another higher bidder; (ii) approving the procedures for the sale of the Purchased Assets, including the requirement of an initial overbid amount of Four Hundred Forty Thousand Dollars (\$440,000) over the Purchase Price for bidders other than the Buyer (the "Initial Overbid Amount Requirement"), and an incremental bid of Fifty Thousand Dollars (\$50,000) (the "Incremental Bid Amount"); (iii) setting dates for the auction sale of the Purchased Assets no earlier than April 20, 2005 and no later than June 10, 2005 (the "Auction"), and, subject to the Court's schedule, the hearing on the sale of the Purchased Assets no later than June 27, 2005; (iv) setting a bar date for Cure amounts, which bar date shall be prior to the Auction; and (v) providing that for any Person other than Buyer to be considered a qualifying bidder (a "Qualifying Bidder"), such Person shall, no later than three business days prior to the Auction, provide Seller with (i) sufficient evidence (in the form of cash on hand, an irrevocable letter of credit, an unconditional commitment letter or like evidence) of its financial ability to consummate a closing of the transactions contemplated hereby and such Person's bid shall (A) at a minimum, meet the Initial Overbid Amount Requirement, and (B) provide, as determined by the Sellers in consultation with its advisors and with counsel for the Official Committee of Unsecured Creditors, as good as or better terms as contained in this Agreement (including without limitation no financing contingency or purchase price adjustments other than those set forth in Section 3.2 hereof), and (ii) be accompanied by a good faith deposit of One Million Dollars (\$1,000,000);

(b) Seek entry of the sale approval order in form and substance satisfactory to Buyer (the "Sale Approval Order"), which, among other things, authorizes the Sellers pursuant to (without limitation) Sections 363(b), 363(f) and 365(b) of the Bankruptcy Code to enter into and

perform this Agreement and contains findings of fact and conclusions of law including (without limitation) those to the following effect: (i) that the Bankruptcy Court has core jurisdiction to enter the Sale Approval Order; (ii) that due and proper notice of the motion for entry of the Sale Approval Order was given to all parties entitled thereto; (iii) that the transactions contemplated by this Agreement are supported by the Sellers' sound business judgment; (iv) that the transactions contemplated by this Agreement are in the best interests of the Sellers and their bankruptcy estates; (v) that the consideration to be received by Sellers under this Agreement is fair and reasonable; (vi) that predicates exist under one or more applicable subsections of Section 363(f) of the Bankruptcy Code to authorize a sale to Buyer of the Purchased Assets free and clear of interests of all parties in the Purchased Assets; (vii) that the Contracts and the Real Property Leases are executory contracts and unexpired leases; (viii) that the Purchased Assets are sold free and clear of all Encumbrances; (ix) that no third party consents are needed for closing other than consents from Governmental Bodies; (x) that Sellers are relieved of any future performance obligation under assigned Contracts and Real Property Leases pursuant to Section 365(k) of the Bankruptcy Code; (xi) that the Buyer is a good-faith purchaser entitled to the protections of Section 363(m); (xii) authorizing the assumption and assignment of the Contracts and Real Property Leases; (xiii) liquidating each default to be Cured as a prerequisite to assumption or setting such default for hearing; (xiv) (a) directing that each liquidated default be cured within ten days after Closing by payment or provision for payment of a liquidated sum, tender of which shall constitute a complete satisfaction of all claims arising from defaults (both monetary and non-monetary), or (b) provision for segregating such sum to cure those defaults, following their liquidation as the Court may deem necessary to constitute adequate assurance of prompt cure of defaults; (xv) authorizing the parties to close; (xvi) over-ruling all objections to entry of the Sale Approval Order; (xvii) reserving jurisdiction to construe and enforce the Sale Approval Order; (xviii) providing that Buyer is not a successor in interest to Sellers or the business of Sellers with respect to all parties having notice of the sale; (xix) providing that Buyer shall not be liable for any pre- or post-petition debts of the Sellers other than the Assumed Liabilities; (xx) containing such other findings and provisions as may be reasonably requested by Buyer; and (xxi) to the extent possible after exerting the best efforts of each of the parties, that the provisions of Bankruptcy Rules 6004(g) and 6006(d) shall not apply to the Sale Approval Order.

7.7 Limitation of Duties. If the Bankruptcy Court shall have failed to enter the Bidding Procedures Order by April 29, 2005, or shall have failed to enter the Sale Approval Order by June 24, 2005, Sellers may, as a matter of right, without liability or penalty, withdraw the Motion referenced in Section 7.6, above, and Buyer may, as a matter of right, terminate this Agreement without liability or penalty and obtain the prompt return of the Deposit and all interest accrued thereon. Other than the obligation to return the Deposit, and except as set forth in Section 10.3(e), Sellers shall have no liability or obligation to Buyer under this Agreement or otherwise should the Court decline to enter the Bidding Procedures Order or Sale Approval Order. If the Court shall deny any motion for entry of such orders, Sellers shall not be obligated to amend such motion, move for its reconsideration or pursue an appeal, although Sellers may, in their sole discretion, do so. Sellers have the absolute right to advocate Court approval of any competing offer made at or after Auction which Sellers consider to be higher or better, and shall have no liability whatsoever (other than payment of the Break-Up Fee and return of the Deposit to Buyer in accordance with Section 10.3 hereof) arising from advocating such competing offer, or arising from the acceptance of such competing offer. Should the Court enter the Order

contemplated in Section 7.6(a) above, but containing a lesser break-up fee, initial overbid amount requirement and/or a lesser incremental bid amount, or should the Court not approve Section 10.3(e), Buyer and Sellers shall still be bound by all other obligations under this Agreement.

7.8 Hearings Schedule. Sellers shall seek to obtain hearings on the Motions promptly, and, in the case of the Bidding Procedures Order, no later than thirty (30) days after the Effective Date and shall take all reasonably necessary actions in connection therewith.

7.9 Allocation of Purchase Price. To the extent required by law, the Buyer and Sellers agree to allocate the Purchase Price (including, for purposes of this Section 7.9, any other consideration paid to Sellers) among the Purchased Assets in accordance with Schedule 7.9 (the "Allocation Schedule"). Sellers' agreement to an allocation shall be subject to Bankruptcy Court approval if the allocation schedules are prepared subsequent to the Sale Approval Order. Buyer and Sellers each agree to file all federal, state, local and foreign forms and Tax Returns, in accordance with the Allocation Schedule. Buyer and Sellers each agree to provide the other promptly with any other information required to complete such forms and Tax Returns. Buyer shall provide Schedule 7.9 to Sellers at least five days prior to the Closing Date.

7.10 Regulatory Approvals. Subject to the terms and conditions of this Agreement, each of the parties hereto shall use its best efforts to apply to all applicable Governmental Bodies for any approval required for the consummation of the transactions contemplated by this Agreement, shall prosecute such applications in good faith and with due diligence before the Governmental Bodies, and in connection therewith shall take such action or actions as may be necessary or reasonably required in connection with the applications, including furnishing to the Governmental Bodies any documents, materials, or other information requested by them in order to obtain the required approvals as expeditiously as practicable. In addition, to the extent practicable, the parties hereto shall use their best efforts to (i) promptly notify each other of any communication to that party from any Governmental Body with respect to the applications described in this paragraph, (ii) permit a representative of the other party reasonably acceptable to the first party to attend and participate in meetings (telephonic or otherwise) with any Governmental Body, and (iii) permit the other party to review in advance, as reasonable, any proposed written communication to a Governmental Body. No party hereto shall knowingly take, or fail to take, any action if the intent or reasonably anticipated consequence of such action or failure to act is, or would be, to cause any Governmental Body not to grant approval of any application or materially to delay such approval, to the material detriment of the other party. However, Buyer shall be solely responsible for obtaining authorization to offer telecommunications services in any jurisdiction in which it does not currently hold such authorization. Sellers shall provide Buyer with such assistance in obtaining such authorizations as Buyer shall reasonably request. Buyer shall also file all reports, and cause to be delivered all notices to Sellers' telecommunications service customers required by 47 C.F.R. § 64.1120(e) and comparable State regulations.

7.11 Additional Matters. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper, or advisable under applicable laws and regulation to consummate and make effective the transactions contemplated

by this Agreement, including using all commercially reasonable efforts to obtain all necessary waivers, consents, and approvals required under this Agreement.

7.12 Minimum Revenue Commitments. Sellers shall use their best efforts to negotiate significant reductions in minimum revenue commitments under Carrier Contracts.

ARTICLE VIII

AGREEMENTS REGARDING EMPLOYEES AND OPERATION OF NON-TRANSFERRED ASSETS

8.1 Employees. Buyer shall offer employment, commencing on the Closing Date, on an "at-will" basis to each of the employees identified on Schedule 8.1 hereto (which Buyer shall provide to Sellers at least five days prior to the Auction) upon substantially the same base salary and other benefits (excluding equity and post-retirement benefits) received by such employees as of the date hereof as set forth on Schedule 8.1. Employment must be offered, if at all, within two weeks of Closing, but after that, not within six months of Closing unless the employee waives any claim for severance against Sellers or disgorges and repays to Sellers any severance received from Sellers. Employment may be conditioned on employees waiving any claim against Buyer for severance benefits from Sellers if such employees are subsequently terminated by Buyers. Employees who accept Buyer's offer of employment with Buyer are referred to herein as "Transferred Employees." Sellers shall cooperate with Buyer in connection with the transfer of the Transferred Employees to Buyer.

8.2 Post-Closing Operation of Non-Transferred Assets. Subsequent to Closing, Buyer shall operate the Non-Transferred Assets pursuant to a management agreement in substantially the form attached hereto as Exhibit B (the "Management Agreement") until the Non-Transferred Assets are transferred to Buyer.

8.3 Use of Sellers' Names. Subsequent to Closing, except as required for conduct of the Chapter 11 Case or any successor Chapter 7 case, all Sellers shall promptly eliminate Universal Access from their names, shall agree not to use such names, and shall change their names to names approved by Buyer.

8.4 Circuits of Subsidiaries. Sellers shall cause Universal Access UK Limited to convey to Buyer at Closing for no additional consideration the circuit owned and operated by it.

ARTICLE IX

CONDITIONS PRECEDENT TO CLOSING

9.1 Conditions Precedent to the Obligations of Buyer. The obligations of Buyer under this Agreement shall, at the option of Buyer, be subject to the satisfaction, on or prior to the Closing Date, of the following conditions (each of which shall be deemed waived by consummation of the transaction at Closing):

(a) No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by Sellers in the performance of any of their covenants and agreements herein; each of the representations and warranties of Sellers contained or referred to

herein shall be true and correct in all material respects on the Closing Date as though made on the Closing Date.

(b) Necessary Governmental and Third Party Approvals. The parties shall have received all approvals and actions of or by all Governmental Bodies which are necessary to consummate the transactions contemplated hereby, which are required to be obtained prior to the Closing by applicable Requirements of Laws, but exclusive of State regulatory approvals that relate solely to Non-Transferred Assets.

(c) Legal Opinion from Sellers' Telecommunications Counsel. Buyer shall have received a legal opinion from Sellers' telecommunications counsel in the form set forth in Exhibit C.

(d) Payment or Provision for Payment of Cure Amounts by Sellers. Sellers shall have paid all cure amounts or have made adequate provision to assure the prompt cure of defaults, such as may be ordered by the Bankruptcy Court under Section 365(b) of the Bankruptcy Code ("Cure Amounts"), in order for Sellers to assume and assign to Buyer all Contracts and Real Property Leases. Should a dispute exist between the Sellers and the contracting party as to the appropriate Cure Amount, Sellers shall segregate sufficient funds or take such other action as the Court may order to provide prompt assurance of payment of Cure Amounts, and such dispute, if not consensually resolved, shall be set for hearing by the Bankruptcy Court.

(e) Chapter 11 Case in Effect. The Chapter 11 Case shall not have been dismissed or converted into a case under Chapter 7 of the Bankruptcy Code and Sellers, Buyer or any other Person shall not have filed a motion or other pleadings seeking the dismissal of the Chapter 11 Case under Section 1112 of the Bankruptcy Code or otherwise.

(f) Sale Approval Order in Effect. The Sale Approval Order shall have been entered and not subject to any stay, modification, reversal or vacation.

(g) Due Authorization. Subject to entry of the Sale Approval Order, the execution and delivery of this Agreement and all other agreements and instruments contemplated hereby or related hereto to be executed and delivered by Sellers, and the consummation of the transactions contemplated hereby and thereby, will have been duly and validly authorized and approved by all necessary corporate action. Subject to entry of the Sale Approval Order, this Agreement will have been duly executed and delivered by Sellers.

(h) Financial Statements. Seller will have delivered or made available to Buyer all copies of its (i) post-petition monthly reports comparing actual results to Key Employee Retirement Program projections and (ii) post-petition monthly operating reports that Sellers' have filed with the Bankruptcy Court. Each such monthly operating report will have been substantially complete, accurate and truthful.

(i) Intellectual Property. Schedule 2.1(e) hereof contains an accurate and complete list of all Intellectual Property owned by Sellers as of Closing, including without limitation, all computer software included in the Purchased Assets and necessary to operate the Business. Except as provided in Schedule 2.1(e), any developer or independent contractor

employed or contracted to develop computer software for Sellers will have assigned to Sellers his/her rights to any Intellectual Property so developed for Sellers. There will be no pending, or to Sellers' knowledge, threatened claims or litigation of any nature materially affecting or relating to the Intellectual Property, other than the Chapter 11 Case. Schedule 2.1(e) hereof will list all written notices or written claims then pending or received by any Seller that assert infringement of any domestic or foreign letters patent, patent applications, patent licenses, software licenses and know-how licenses, trade names, trademark registrations and applications, service marks, copyrights, copyright registrations or applications, trade secrets, technical knowledge, know-how or other confidential propriety information. There will be, to the best of Sellers' actual Knowledge, no reasonable basis upon which any claim may be asserted against any Seller for material infringement or misappropriation of any of the foregoing. To the Sellers' Knowledge, no person will be in material default or violation of any Contract pursuant to which any Seller licenses Intellectual Property.

(j) Subsidiaries. Except as disclosed on Schedule 9.1(i) hereto, Sellers will have no subsidiaries and each of the subsidiaries listed on Schedule 9.1(i) hereto will have no assets, will not be conducting business and will otherwise be inactive (except for administering their respective Chapter 11 estates, and except for any actions necessary to carry out this Agreement).

(k) Employees. Schedule 9.1(k) hereto will contain a correct and complete list of the names, titles and current annual compensation rates of all employees of Sellers. There will be no collective bargaining or other agreements between any Seller and any union or other employee organizations relating to employees of Sellers whether such agreements are with Sellers or with any independent contractor or management company providing employees to Sellers.

(l) Telecommunications Regulatory Matters.

(i) Each Seller will have been duly licensed and/or registered as a provider of regulated telecommunications services and be in good standing to so provide such regulated telecommunications services in each of the jurisdictions set forth in Schedule 9.1(l)(i) hereto, in which jurisdictions the nature of the business to be conducted by Buyer after the Closing Date makes such licensing or registration of Buyer necessary.

(ii) Schedule 9.1(l)(ii) hereto sets forth a list of all filings and regulatory approvals required to be obtained under the Telecommunications Laws to enable Buyer to purchase the Purchased Assets and consummate the transaction contemplated by this Agreement, other than such filings and regulatory approvals that pertain solely to Buyer's authorization to operate the Purchased Assets after the Closing Date (i.e., applications for certificates of public convenience and necessity or similar authorizations).

(iii) The FCC will have granted its consent to the acquisition by Buyer of the lines, customer accounts, and other assets of Sellers used to provide both domestic interstate and international telecommunications services, without the imposition of conditions outside the ordinary course. Such consent shall constitute all necessary

consents, approvals, and authorizations required under the Federal Telecommunications Laws for the transfer of such assets to Buyer.

(iv) All necessary consents, approvals, and authorizations required under the State Telecommunications Laws for the transfer to Buyer of the customer accounts and other assets of Sellers used in providing intrastate telecommunications services will have been obtained, except for approvals relating solely to Non-Transferred Assets.

(v) There shall be no action, order, claim, suit proceeding, litigation, review notice or, to Sellers' Knowledge, investigation or inquiry, pending before the FCC or any State Regulatory Commission, relating to or affecting Sellers or any of their respective properties or assets or any officer or director or shareholder of Sellers, other than proceedings relating solely to the transfer of the Non-Transferred Assets.

(m) The Management Agreement shall have been entered into and any necessary Bankruptcy Court approvals obtained to do so.

(n) Sellers' subsidiaries, which are not debtors in the Chapter 11 Case, shall have conveyed all of their assets, including without limitation circuits, trademarks and websites, to Buyer.

(o) Sellers shall have made all required deliveries under Section 4.3(b) hereof.

Unless expressly covenanted, warranted or represented elsewhere in this Agreement, the conditions stated in this Section 9.1 are not covenants, warranties or representations.

9.2 Conditions Precedent to the Obligations of Sellers. The obligations of Sellers under this Agreement shall, at the option of Sellers, be subject to the satisfaction, on or prior to the Closing Date, of the following conditions (each of which shall be deemed waived by consummation of the transaction at Closing):

(a) No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by Buyer in the performance of any of its covenants and agreements herein; each of the representations and warranties of Buyer contained or referred to herein shall be true and correct in all material respects on the Closing Date as though made on the Closing Date.

(b) Sale Order In Effect. The Sale Approval Order shall have been entered and not subject to any stay, modification, reversal or vacation.

(c) Regulatory Licenses. Buyer shall hold authorization to offer telecommunications services, if required, in each jurisdiction in which Sellers provide such services; or, in those States in which Non-Transferred Assets are located, Buyer shall know of no reason why it cannot obtain all such authorizations from State Regulatory Commissions in the ordinary course of business.

(d) Buyers shall have made all required deliveries under Section 4.3(a) hereof.

Unless expressly covenanted, warranted or represented elsewhere in this Agreement, the conditions stated in this Section 9.2 are not covenants, warranties or representations.

ARTICLE X **TERMINATION**

10.1 **Termination.** Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

- (a) by the mutual consent of Buyer and Sellers;
- (b) by the Buyer if the Bidding Procedures Order has not been obtained within thirty (30) days of the date of the Effective Date;
- (c) by the Buyer or Sellers if, pursuant to the Auction or other subsequent sale, another party has obtained the rights to acquire some or all of the Purchased Assets;
- (d) by Buyer if the Closing shall not have occurred on or before August 5, 2005 (or such later date as may be mutually agreed to by Buyer and Sellers) unless the failure of the Closing to occur is as a result of a breach by Buyer;
- (e) by Sellers if the Closing shall not have occurred on or before August 5, 2005 (or such later date as may be mutually agreed to by Buyer and Sellers) unless the failure of the Closing to occur is as a result of a breach by Sellers;
- (f) by Buyer in the event of any material breach by Sellers of any of Sellers' agreements, representations or warranties contained herein and the failure of Sellers to cure such breach within seven days after receipt of notice from Buyer requesting such breach to be cured;
- (g) by Sellers in the event of any material breach by Buyer of any of Buyer's agreements, representations or warranties contained herein (including Buyer's failure to pay the Deposit pursuant to Section 3.1(a) hereof) and the failure of Buyer to cure such breach within seven days after receipt of notice from Sellers requesting such breach to be cured;
- (h) by Sellers if the Bankruptcy Court determines that approval of the Agreement is not in the best interests of Sellers' estates for a reason other than ordering the sale of the Purchased Assets to a party other than Buyer.

10.2 **Notice of Termination.** Any party desiring to terminate this Agreement pursuant to Section 10.1 shall give notice of such termination to the other party to this Agreement.

10.3 **Effect of Termination.**

- (a) Except as otherwise set forth in this Section 10.3, in the event that this Agreement shall be terminated pursuant to this Article X, all further obligations of the parties under this Agreement (other than Sections 11.2 and 11.9) shall be terminated without further liability of any party to the other.

(b) Notwithstanding Section 10.3(a), (i) in the event of a termination pursuant to Section 10.1(f), Buyer shall be entitled to seek specific performance or damages of not more than \$1.0 million as its sole and exclusive remedies against Sellers in all respects for any claim against Sellers arising under this Agreement or otherwise, and (ii) in the event of a termination pursuant to Section 10.1(g), Sellers shall be entitled to retain the Deposit as liquidated damages as their sole and exclusive remedy against Buyer in all respects for any claim against Buyer arising under this Agreement or otherwise.

(c) Notwithstanding Section 10.3(a), from and after the entry of the Bidding Procedures Order, if this Agreement is terminated pursuant to Section 10.1(c), then Sellers shall pay to Buyer the Break-Up Fee in full and complete satisfaction of all Sellers' obligations hereunder (except for the repayment of the Deposit). The payment of the Break-Up Fee shall be made by wire transfer of immediately available funds promptly (but in any event within two (2) business days) following closing of the sale of the Purchased Assets to a Qualifying Bidder whose bid is approved by the Bankruptcy Court.

(d) In the event of a termination pursuant to this Article X (other than pursuant to Section 10.1(g)), Sellers shall within two Business Days thereof return to Buyer the Deposit (together with interest thereon).

(e) In the event of a termination pursuant to Section 10.1(i), Buyer shall be entitled to the Break-Up Fee. The payment of the Break-Up Fee shall be made by wire transfer of immediately payable funds promptly (but in any event within two (2) business days) following the Bankruptcy Court's entry of an order determining that approval of this Agreement is not in the best interests of Sellers' estates for a reason other than ordering the sale of the Purchased Assets to a party other than Buyer.

ARTICLE XI

GENERAL PROVISIONS

11.1 **Non-Survival of Representations and Warranties.** All representations and warranties herein shall terminate on the Closing Date, unless otherwise explicitly provided herein.

11.2 **Confidential Nature of Information.** The following paragraph is subject to any disclosure requirements under the Bankruptcy Code or imposed by the Bankruptcy Court:

Buyer and Sellers each agree that it will treat in confidence all documents, materials and other information which it shall have obtained regarding the other party during the course of the negotiations leading to the consummation of the transactions contemplated hereby (whether obtained before or after the date of this Agreement), the investigation provided for herein and the preparation of this Agreement and other related documents, and, in the event the transactions contemplated hereby shall not be consummated, at the request of the disclosing party, will return to the other party all copies of nonpublic documents and materials which have been furnished in connection therewith. Such non-public documents, materials and information shall not be communicated to any third Person (other than to Buyer's and Seller's counsel, accountants or financial advisors, in each case subject to the recipient's agreement to keep the same confidential). No other party shall use any confidential information in any manner whatsoever.

except solely for the purpose of evaluating the proposed purchase and sale of the Purchased Assets; provided, however, that after the Closing, Buyer may use or disclose any confidential information included in the Purchased Assets or otherwise reasonably related to the Purchased Assets and the Business. The obligation of each party to treat such documents, materials and other information in confidence shall not apply to any information which (i) is or becomes available to such party from a source other than the disclosing party, (ii) is or becomes available to the public other than as a result of disclosure by such party or its agents or (iii) is required to be disclosed under applicable law or judicial process, but only to the extent it must be disclosed. Notwithstanding clause (iii) of the preceding sentence, in the event that any party is required to disclose any confidential information by applicable law, judicial process or rule of any national securities exchange, it is agreed that the party subject to such requirement will provide the other party with prompt notice of such requirement and such party may seek an appropriate protective order if it so desires.

11.3 Notices. Any notices, demands, requests, consents, approvals, reports or other communications required or permitted by this Agreement must be (i) in writing and is deemed given when (a) delivered personally to the recipient, (b) sent by confirmed facsimile before 5:00 p.m. Central Time on a business day with a copy of such facsimile sent to the recipient by reputable overnight courier service (charges prepaid) on the same day, (c) five (5) days after deposit in the U.S. mail, mailed by registered or certified mail, return receipt requested, postage prepaid, or (d) one business day after being sent to the recipient by reputable overnight courier service (charges prepaid); and (ii) addressed to the other party at the address set forth below, or at such other address as either party may designate from time to time in writing in accordance with this Section.

If to Buyer, to:

Steve Dyde, Esq.
Head of Legal
Vanco UK Limited
John Busch House
277 London Road
Isleworth TW 75AX
United Kingdom
Facsimile: (011) 44-0208-636-1988

With a copy to:

Salomon R. Sassoon, Esq.
Joseph T. Moldovan, Esq.
Morrison Cohen LLP
909 Third Avenue
New York, NY 10022
Facsimile: 212-735-8708

If to Seller, to:

Universal Access, Inc.
200 S. Wacker Drive
Suite 1200
Chicago, IL 60606
Attention: Randall Lay, Chief Executive Officer
Facsimile: 312-660-1290

With a copy to:

Richard Monto, Esq.
Chief Legal Officer
200 S. Wacker Drive
Suite 1200
Chicago, IL 60606
Facsimile: 312-660-1290

And a copy to:

John Collen, Esq.
Rosanne Ciambrone, Esq.
Duane Morris LLP
227 W. Monroe St.
Chicago, IL 60606
Facsimile: 312-499-6701

11.4 Successors and Assigns. The rights and obligations of the parties under this Agreement shall not be assignable by any such party hereto without the written consent of the other parties, or order of the Bankruptcy Court, except that Buyer may assign this Agreement to an Affiliate after Buyer has paid the Deposit to Seller.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. The successors and permitted assigns hereunder shall include without limitation, in the case of Buyer, any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise).

(b) Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this Section 11.4 any right, remedy or claim under or by reason of this Agreement.

11.5 Access to Records after Closing. For a period of six years after the Closing Date, Sellers and their representatives shall have reasonable access to all of the books and records of the Purchased Assets transferred to Buyer hereunder to the extent that such access may reasonably be required by Sellers in connection with matters relating to or affected by the

operations of the Business on or prior to the Closing Date. Such access shall be afforded by Buyer upon receipt of reasonable advance notice and during normal business hours. Sellers shall be solely responsible for any costs or expenses incurred by them pursuant to this Section 11.5. If Buyer shall desire to dispose of any of such books and records prior to the expiration of such six-year period, Buyer shall, prior to such disposition, give Sellers a reasonable opportunity, at Sellers' expense, to segregate and remove such books and records as Sellers may select. In the event Sellers seek and receive approval from the Bankruptcy Court to abandon or destroy books and records, Sellers shall advise Buyer of said order and Buyer shall be relieved of its obligations under this Section 11.5 and may, in its sole discretion, destroy any and all books and records of the Purchased Assets.

11.6 Entire Agreement; Amendments. This Agreement and the Exhibits and Schedules referred to herein and the documents delivered pursuant hereto contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, understandings or letters of intent between or among any of the parties hereto (including without limitation that certain Letter of Intent Sheet dated February 11, 2005 and that certain Confidentiality and Non-Disclosure Agreement by and between Seller and an affiliate of Buyer dated as of January 7, 2005). This Agreement shall not be amended, modified or supplemented except by a written instrument signed by each of Buyer and Sellers, or by order of the Bankruptcy Court.

11.7 Interpretation. Article titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. No party shall benefit from any rule construing this Agreement against that party as drafter, and it is acknowledged that the document is jointly drafted.

11.8 Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision, provided, however, any waiver by Sellers prior to the hearing on the motion seeking entry of the Sale Approval Order must be promptly disclosed in writing to the Bankruptcy Court and to counsel for the Official Committee of Unsecured Creditors in the Chapter 11 Case and any waiver by Sellers after the hearing on the motion seeking entry of the Sale Approval Order must be approved in writing by said Committee. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

11.9 Expenses. Each party hereto will pay all costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

11.10 **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

11.11 **Execution in Counterparts; Facsimile Delivery.** This Agreement may be delivered via facsimile and may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to each of Sellers and Buyer.

11.12 **Further Assurances.** On and after the Closing Date (i) Sellers shall deliver to Buyer such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer, in form reasonably satisfactory to Buyer and its counsel, as Buyer may reasonably request or as may be otherwise reasonably necessary to vest in Buyer all the right, title and interest of Sellers in, to or under any or all of the Purchased Assets, and (ii) Sellers shall take all steps as may be reasonably necessary to put Buyer in actual possession and control of all the Purchased Assets and to obtain the full benefit thereof.

11.13 **Governing Law; Forum.** This Agreement shall be governed by and construed in accordance with the laws (excluding the conflicts of law provisions) of the State of Illinois. Until the Chapter 11 Case is closed or dismissed or unless a confirmed plan of reorganization provides otherwise, all disputes arising under this Agreement shall be litigated in the Bankruptcy Court.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

VANCO DIRECT USA, LLC

By: Therese F. Raggett
Name: Therese F. Raggett
Its: CEO

**UNIVERSAL ACCESS GLOBAL HOLDINGS INC.,
DEBTOR-IN-POSSESSION**

By: Patricia R. Lay
Name: Patricia R. Lay
Its: CEO

**UNIVERSAL ACCESS, INC.,
DEBTOR-IN-POSSESSION**

By: Patricia R. Lay
Name: Patricia R. Lay
Its: CEO

**UNIVERSAL ACCESS OF VIRGINIA, INC.,
DEBTOR-IN-POSSESSION**

By: Patricia R. Lay
Name: Patricia R. Lay
Its: CEO

**TRI-QUAD ENTERPRISES, INC.,
DEBTOR-IN-POSSESSION**

By: Patricia R. Lay
Name: Patricia R. Lay
Its: CEO

**UNIVERSAL ACCESS COMMUNICATIONS INC.,
DEBTOR-IN-POSSESSION**

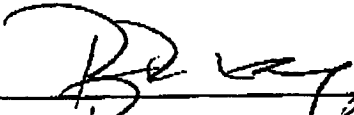
By: 
Name: Robert P. Lay
Its: CEO

EXHIBIT B
BANKRUPTCY COURT ORDER

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	Case No. 04-B-28747
)	Jointly Administered
UNIVERSAL ACCESS GLOBAL)	Chapter 11
HOLDINGS INC. <u>et al.</u> ,)	Honorable Jack B. Schmetterer
)	
Debtors.)	
)	
)	
)	

**ORDER PURSUANT TO SECTIONS 105, 363 AND 365 OF THE BANKRUPTCY CODE
AND RULES 2002, 6004, 6006 AND 9014 OF THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE, APPROVING
(i) THE SALE OF DEBTORS' ASSETS, FREE AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES AND INTERESTS, AND (ii) THE ASSUMPTION AND
ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES TO THE SUCCESSFUL BIDDER FOR THE ASSETS**

Upon the motion, dated March 25, 2005 (the "Motion"), of the above-captioned debtors and debtors-in-possession, pursuant to sections 105, 363 and 365 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for approval of (i) the sale of substantially all of the assets (collectively, the "Assets") of Universal Access Global Holdings Inc., Universal Access, Inc., Universal Access of Virginia, Inc., Tri-Quad Enterprises, Inc. and Universal Access Communications Inc. (collectively, the "Debtors") to Vanco Direct USA, LLC, ("Vanco") under the terms of the Asset Purchase Agreement, dated March 24, 2005 (as it may have been modified in the Auction (the "Stalking Horse Agreement") between the Debtors and Vanco, or, alternatively, to the successful bidder for the Assets, free and clear of liens, claims, encumbrances and interests, (ii) the institution of bidding procedures (the "Bidding Procedures"), including a break-up fee (the "Break-Up Fee"), and (iii) the assumption, sale and assignment of certain executory contracts and unexpired leases (the "Assigned Agreements") to Vanco or,

alternatively, to the successful bidder for the Assets; and the Court having entered an order on April 15, 2005 (the "Bidding Procedures Order") approving, among other things, the Bidding Procedures¹ and the Break-Up Fee in respect to the sale of the Assets and notices thereof; and the Debtors having determined, in accordance with the provisions of the Bidding Procedures Order, that (a) Vanco Direct USA, LLC ("Buyer") is a Qualified Bidder, and (b) Buyer submitted the highest or otherwise best Bid for the Assets at the Auction pursuant to the terms of an Asset Purchase Agreement, dated March 24, 2005 and amended and re-executed May 17, 2005, between the Debtors and Buyer (the "Sale Agreement") (the Sale Agreement is attached hereto as Exhibit A); and a hearing having been held on May 17, 2005 (the "Hearing") to consider approval of the sale of the Assets to Buyer pursuant to the terms and conditions of the Sale Agreement; and it appearing that notice of the Motion, the Auction and the hearing on the sale of the Assets was good and sufficient under the circumstances and in accordance with the Bidding Procedures Order and that no other or further notice need be given; and the Court having reviewed the Motion and all objections thereto, if any, and having heard the statements and evidence in support of the relief requested therein at the Hearing; and it appearing that entry of this order is in the best interests of the Debtors, their estates, and all parties in interest; and upon the Motion and the record of the Hearing and all other proceedings had before the Court; and after due deliberation and good cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:²

¹ Capitalized terms used but not defined herein have the meanings ascribed to such terms in the Asset Purchase Agreement, the Sale Agreement (as defined herein), the Bidding Procedures or the Motion, as applicable.

² Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The Court has in rem jurisdiction over the sale of the Assets.

B. A prompt closing of the transactions contemplated by the Sale Agreement is in the best interests of the Debtors and their estates. The terms of the Sale Agreement are the best terms that have been offered for sale of the Assets.

C. Upon the execution, delivery and Closing of the Sale Agreement, the assets to be sold and the interests to be assigned by the Debtors to Buyer will have been acquired by Buyer in good faith and as the result of arm's length negotiations within the scope and meaning of Section 363(m) of the Bankruptcy Code. Buyer is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby.

D. Reasonable notice of the Motion and a reasonable opportunity to object or be heard with respect to the Motion as it pertains to the sale of the Assets, and the assumption, sale and assignment of the Assigned Agreements, has been afforded to all interested persons and entities entitled thereto, as set forth in the Motion and Bidding Procedures Order, and comports with the requirements of due process. Notice to parties to the Assigned Agreements provided in accordance with the Bidding Procedures Order is adequate and reasonable under the circumstances, and comports with the requirements of due process, as well as the requirements of section 102 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 2002.

E. Notice, as specified in the preceding paragraph and as evidenced by the affidavits of service filed with the Bankruptcy Court was provided in the form and manner specified in the Motion and required by the Bidding Procedures Order, and such notice is

reasonable and adequate under the circumstances and comports with the requirements of due process as well as section 102 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 2002.

F. No consents or approvals are required for the Debtors to consummate the sale of the Assets other than the consent and approval of this Court and the consents set forth in the Sale Agreement from Governmental Bodies. Neither the execution of the Sale Agreement nor the consummation of the sale of the Assets in accordance with its terms will constitute a violation of any provision of the organizational documents of the Debtors or any other instrument, law, regulation or ordinance by which the Debtors, their respective assets and the Assets are bound.

G. The Bidding Procedures have been complied with in all material respects by the Debtors and their representatives, and Buyer.

H. Upon entry of this Sale Order, the Debtors shall have full corporate power and authority to consummate the sale contemplated by the Sale Agreement.

I. This Sale Order and the consummation of the Sale Agreement are supported by the Debtors' sound business judgment, and will serve the best interests of the Debtors and their estates, creditors and stakeholders by maximizing the value to be obtained from the Assets.

J. The Sale Agreement was negotiated, proposed and entered into by the Debtors and Buyer in good faith and through arm's-length negotiations. Buyer is not an "insider" of the Debtors, as that term is defined in section 101 of the Bankruptcy Code. Buyer has not engaged in any conduct that would cause or permit the Sale Agreement to be avoided under section 363(n) of the Bankruptcy Code.

K. The consideration to be provided by Buyer pursuant to the Sale Agreement: (i) is fair and reasonable; (ii) is the highest and otherwise best offer for the Assets; (iii) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and the Uniform Fraudulent Conveyance Act, Uniform Fraudulent Transfer Act or any similar laws of any state whose law is applicable to the Sale Agreement; and (iv) is value being transferred by Buyer to the Debtors in good faith.

L. The approval of the Sale Agreement is fair and reasonable.

M. The Sale Agreement was not entered into and the Closing thereunder will not occur for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, possession, or the District of Columbia.

N. The consummation of the Sale pursuant to the Sale Agreement will be a legal, valid, and effective sale of the Assets to Buyer, and vests or will vest Buyer with all right, title, privilege and interest in and to the Assets free and clear of all Encumbrances, excepting only Assumed Liabilities (as defined in the Sale Agreement) in accordance with section 363 of the Bankruptcy Code because one or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. All parties with valid Encumbrances (other than Assumed Liabilities) against the Assets, if any, who did not object to the Motion and the relief requested therein, or who withdrew their objections to the Motion, are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code and are enjoined from taking any action, including, without limitation, the assertion or exercise of any alleged right of set-off or recoupment against Buyer, to recover any claim which such person or entity has solely against the Debtors. Failure to sell the Assets free and clear of Encumbrances (other than Assumed

Liabilities) would be substantially less beneficial to, and would adversely affect, the estates of the Debtors.

O. The Sale Agreement and all other agreements and documents related thereto and contemplated thereby (collectively, the "Disposition Documents") (upon the execution of each) are valid and binding contracts between the Debtors and Buyer, and upon entry of this Order and the execution and delivery thereof by the Debtors, are enforceable according to their terms.

P. The Debtors intend to file a plan of reorganization which will provide for the distribution of the proceeds of the Sale to creditors of the Debtors in accordance with the Bankruptcy Code.

Q. The Assigned Agreements are executory contracts, unexpired leases or assignable non-executory contracts.

R. The amounts set forth on attached Exhibit B are deemed and determined to be the sole amounts necessary to "cure" (within the meaning of section 365(b)(1) of the Bankruptcy Code) all "defaults" and "actual pecuniary losses" (within the meaning of section 365(b) of the Bankruptcy Code) (the "Cure Amounts"), except to the extent that an objection by a non-debtor party to an Assigned Agreement has been filed timely with the Bankruptcy Court and served in accordance with the Bidding Procedures Order and has not been resolved by the Debtors and the non-debtor objecting party, as is noted on Exhibit B.

S. Buyer has demonstrated adequate assurance of its future performance under the Assigned Agreements.

**NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
DECREED THAT:**

1. The Motion is granted and approved in all respects (other than with respect to matters already addressed by the Bidding Procedures Order).

2. All objections, if any, to the entry of this Sale Order are overruled, to the extent not otherwise withdrawn, addressed herein or resolved as set forth on the record of the Hearing.

SALE OF THE ASSETS

3. Pursuant to sections 105, 363 and 365 of the Bankruptcy Code, the sale, transfer, conveyance and assignment of the Assets, including the assumption, sale and assignment of the Assigned Agreements by the Debtors and Buyer, pursuant to the Sale Agreement and the Disposition Documents (the "Sale") is approved, and the Debtors are authorized to execute any and all documents, instruments and papers and to take all actions necessary and appropriate to effectuate, implement and consummate the transactions contemplated by the Sale Agreement and the Disposition Documents in consideration of the purchase price specified therein, including assigning and transferring to Buyer all of their rights, title, privileges and interests (including common law rights) of the Assets, and in and to all of the intangible property of the Debtors included among the Assets, except as otherwise explicitly provided by the Sale Agreement. Without limiting the foregoing, the Debtors are authorized to close, transition and consummate the Sale and Sale Agreement and the Disposition Documents, which agreements and documents hereby are authorized and approved in all respects.

4. The transfer of the Assets by the Debtors to Buyer is legal, valid and effective and shall vest Buyer with all rights, title, privileges and interests of the Debtors in and to the Assets pursuant to section 363(f) of the Bankruptcy Code, free and clear of any and all Encumbrances (other than Assumed Liabilities), whether known or unknown, including any such Encumbrances of any of the Debtors' customers, creditors, vendors, suppliers, employees,

lessors or any other third party. Any and all such Encumbrances shall attach to the net proceeds of the Sale, with the same priority, validity, force and effect as they now have against the Assets and subject to any rights, claims or defenses of the Debtors with respect thereto.

ASSUMPTION AND ASSIGNMENT OF ASSIGNED AGREEMENTS

5. The Debtors are hereby authorized and directed, subject to the terms of the Sale Agreement, to (a) assume and assign to Buyer the Assigned Agreements set forth on Exhibit B pursuant to the provisions of sections 105, 363 and 365 of the Bankruptcy Code, free and clear of Encumbrances (other than the Assumed Liabilities); and (b) execute and deliver to Buyer such documents or other instruments as may be reasonably necessary to assign and transfer such Assigned Agreements to Buyer.

6. Any party having the right to consent to the assumption, sale or assignment of the Assigned Agreements that failed to object to such assumption, sale or assignment is deemed to have consented to such assumption, sale and assignment as required by sections 363 and 365 of the Bankruptcy Code.

7. Subject to the procedures set forth in paragraphs 8, 9 and 10 below, all Cure Amounts set forth on Exhibit B are the true, correct, final and fixed amounts, and the only amounts, that are required to be paid upon assumption and assignment of the Assigned Agreements pursuant to section 365(b) of the Bankruptcy Code. The Debtors have agreed to pay all undisputed, valid charges for post-petition services actually received from the date hereof through Closing under the Assigned Agreements. Except pursuant to the procedures set forth in paragraphs 8 and 9 below, the Cure Amounts shall not be subject to further dispute or audit, including any based on performance prior to the time of assumption, assignment and sale, irrespective of whether such Assigned Contract contains an audit clause.

8. Within ten business days of Closing, the Debtors shall (a) pay all undisputed Cure Amounts shown on Exhibit B to the appropriate non-debtor party and (b) reserve in a segregated account sufficient funds to pay in full any disputed cure amount that was asserted by a non-debtor party to an Assigned Agreement in a timely objection to the Motion and not resolved by the Debtors and the non-debtor objecting party as shown on Exhibit B (the "Disputed Cure Amounts"). A reserve of \$1,274,411.40 shall constitute adequate assurance of prompt cure of the Disputed Cure Amounts. The Debtors may, in their discretion, pay the undisputed portion (as shown on Exhibit B) of any Disputed Cure Amount, in which case the reserve of \$1,274,411.40 shall be reduced by the amount paid. Any Disputed Cure Amount may be resolved and paid (x) without further order of the Court upon the filing of a written stipulation between the Debtors, the non-debtor party and the Official Committee of Unsecured Creditors appointed in these cases (the "Committee") or (y) pursuant to an order of this Court, in which case the amount held in the reserve shall be reduced accordingly.

9. If the Debtors have been unable to resolve any Disputed Cure Amounts, a status conference will be held on July 22, 2005 at 11:00 a.m., regarding such unresolved Disputed Cure Amounts. On or before July 19, 2005, the Debtor shall file a status report with a summary of Disputed Cure Amounts, and serve said report on counsel for non-debtor parties asserting such claims and the Committee.

10. Adequate assurance of future performance has been demonstrated by or on behalf of Buyer with respect to the Assigned Agreements. Vanco PLC (the "Guarantor") has agreed, with effect from and conditional upon closing, to guaranty to each Non-Debtor Counterparty to an Assigned Agreement the full and complete performance of the payment obligations of Buyer, as and when due, under such Assigned Contract on the following terms (the "Guaranty"): (a) the Guarantor's total obligation under the Guaranty provided shall not in

any event exceed \$5.0 million in the aggregate; and (b) the Guaranty will expire as to each Assigned Contract upon the earlier of (i) the expiration of the current term of the Assigned Agreement; (ii) the applicable minimum service term for each circuit provided under an Assigned Agreement; and (iii) January 31, 2006.

11. There shall be no rent accelerations, assignment fees, increases or any other fees charged to, or rights of set-off or recoupment asserted or exercised against, Buyer as a result of the assumption, sale or assignment by the Debtors to Buyer of the Assigned Agreements, and the validity of such assumption, sale or assignment shall not be affected by any dispute, defense, claim, right of set-off or recoupment, right of first refusal or offer or otherwise, between the Debtors and any Non-Debtor Counterparty to any Assigned Agreement; provided, however, that nothing in this paragraph shall affect the rights of any Non-Debtor Counterparty to exercise its rights against Buyer under the Assigned Agreements or applicable law on account of any dispute, defense, claim, right of set-off or recoupment, right of first refusal or offer or otherwise arising and relating solely to events that occur subsequent to the assumption and assignment hereunder. The Assigned Agreements, upon assignment and sale to Buyer, shall be deemed valid and binding, enforceable against the parties thereto, without breach or default by Buyer and in full force and effect in accordance with their terms.

12. The Debtors shall have no liability under the Assigned Agreements pursuant to section 365(k) of the Bankruptcy Code for any obligation arising after the date of assignment.

ASSUMED LIABILITIES

13. Buyer has not acquired and will not acquire or assume or be deemed to have acquired or assumed any obligations or liabilities of the Debtors, other than the Assumed Liabilities.

14. Except as otherwise provided in the Sale Agreement, with respect to all parties having notice of this sale, Buyer is not a successor in interest to the Debtors or their estates or the business of Debtors.

15. Buyer, as the successful bidder for Debtors' Assets, shall be responsible for and timely pay all universal service fund contribution obligations ("USF Obligations") relating to telecommunications services provided by Buyer post-Closing Date, including, without limitation, any and all USF Obligations resulting from the true-up of telecommunications reporting worksheets ("Worksheets") submitted thereafter by Buyer relating to such telecommunications services provided post-Closing Date. Similarly, Debtors shall be responsible for and timely pay, to the extent permitted by the Bankruptcy Code, all undisputed USF Obligations relating to telecommunications services provided by Debtors pre-Closing Date, including, without limitation, any and all USF Obligations resulting from the true-up of Worksheets submitted by the Debtors or by Buyer relating to such telecommunications services provided pre-Closing Date. Both Debtors and Buyer shall timely comply with all reporting obligations required by the FCC and applicable federal regulations relating to telecommunications services provided by Buyer post-Closing Date. To the extent such reporting obligations require data relating to telecommunications services provided by Debtors pre-Closing Date to be included, Debtors shall provide such data in the appropriate format to Buyer upon receipt of five (5) days advance written notice. This paragraph is intended to supplement, but not modify, the provisions of the Sale Agreement and related agreements allocating responsibility for USF Obligations and such provisions, as supplemented hereby, shall control as among the parties to the Sale Agreement.

16. From and after the Closing of the Sale Agreement, the Debtors shall have no other or further liability with respect to Liabilities that are Assumed Liabilities.

OTHER PROVISIONS

17. The Sale has been undertaken by Buyer and the Debtors at arm's length, without collusion and Buyer will acquire the Assets pursuant to the Sale Agreement and the Disposition Documents, in good faith, within the meaning of section 363(m) of the Bankruptcy Code and is entitled to all of the protections in accordance therewith. Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale, unless such authorization is duly stayed pending such appeal.

18. The consideration provided by Buyer for the Assets under the Sale Agreement is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code or other applicable law.

19. If the plan of reorganization described in paragraph P hereof is filed and confirmed, the provisions of section 1146(c) of the Bankruptcy Code shall apply to the Sale.

20. The second highest bid of 20/20 Technologies, Inc. ("20/20") is irrevocable until August 6, 2005. Should Buyer fail to consummate the Sale approved herein, 20/20 shall be deemed to have made the Successful Bid and the Sellers are authorized but not obligated to effectuate such sale without further order of the Bankruptcy Court. Should the Debtors inform 20/20 that their bid has been deemed to be the Successful Bid on or before August 6, 2005, the parties shall have eighty (80) days to close such sale. The Debtors shall return the good faith deposit made by 20/20 in accordance with the Bidding Procedures on the earlier of (i) two business days after the Closing with Buyer, or (ii) August 6, 2005, unless the Debtors inform 20/20 that their bid has been deemed to be the Successful Bid on or before August 6, 2005.

21. The rights, if any, of any creditors of the Debtors' estates with respect to the allocation of the net proceeds of the Sale shall be reserved until the confirmation hearing in the Debtors' chapter 11 cases with respect to a plan or plans of reorganization.

22. The provisions of this Sale Order are nonseverable and mutually dependent.

23. This Sale Order and all provisions of the Disposition Documents shall be binding upon any successors and assigns of the Debtors, including without limitation, any trustee appointed for the Debtors in their chapter 11 cases or in any superseding proceeding under chapter 7 of the Bankruptcy Code.

24. The Sale Agreement, the Disposition Documents, or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors or their estates and is consented to in writing by the Committee.

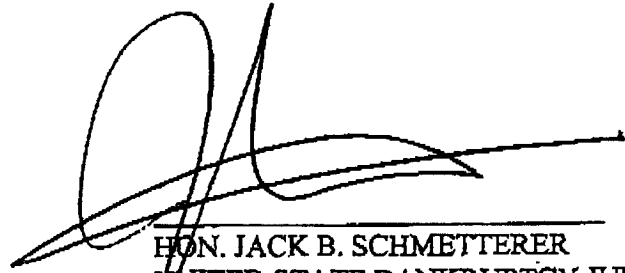
25. The failure specifically to include any particular provisions of the Sale Agreement or the Disposition Documents in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Sale Agreement and the Disposition Documents be authorized and approved in their entirety.

26. To the extent of any inconsistency between the provisions of the Sale Agreement, any documents executed in connection therewith, and this Sale Order, the provisions contained herein shall govern.

27. This Sale Order shall take effect immediately and shall not be stayed pursuant to Bankruptcy Rules 6004(g), 6006(d), or otherwise.

28. The Bankruptcy Court shall retain jurisdiction to interpret, construe and enforce the provisions of the Sale Agreement, any Disposition Documents and this Sale Order in all respects and, further, to hear and determine any and all disputes between the Debtors and any Non-Debtor Counterparty to any Assigned Agreements, concerning inter alia, the Debtors' assignment and sale thereof to Buyer under the Sale Agreement. The Bankruptcy Court shall retain jurisdiction to enforce the provisions set forth herein against Buyer, its affiliates or any of their respective successors and assigns.

Dated: May ^{20th}, 2005
Chicago, Illinois



HON. JACK B. SCHMETTERER
UNITED STATE BANKRUPTCY JUDGE

5/20/05

EXHIBIT C
SAMPLE CUSTOMER NOTICE

The logo for Vanco, consisting of the word "vanco" in a white, lowercase, sans-serif font, centered within a solid black rectangular background.

[UA logo here]

Vanco Direct USA, LLC

Universal Access, Inc.

[to go to interstate and international customers of UA.]

August 1st 2005

Dear Customer:

Vanco Direct USA, LLC ("Vanco") and Universal Access, Inc. ("UAI") have entered into an Asset Purchase Agreement, whereby the telecommunications assets of UAI will be acquired by Vanco, and Vanco will become your interstate/international telecommunications service provider for data services. Vanco anticipates this happening on or before November 1, 2005.

This change in ownership will not affect or in any way disrupt your current service. **The rates and terms and conditions under your existing contract will not change as a result of the transaction.** No charges or fees will be imposed and no rate increase will occur as a result of this transaction. Vanco will inform you, by separate mailing, of any post-transaction changes which may occur. For the UAI terms and conditions please go to <https://usx-universalaccess.net/net.usx.portal/commonsite/index.aspx>.

We realize you have a choice of carriers. Subject to the terms and conditions of your existing contract with UAI, including applicable termination penalties, you have the right to choose a different carrier for your services. Please note that if you are a customer of UAI on the date of the transfer and you have not informed UAI that you have made arrangements to switch to a carrier other than Vanco, your services will automatically be transferred and your account assigned to Vanco. Also, if you have placed a "freeze" on the services to prevent the unauthorized transfer of your services to another carrier, the freeze will be lifted and your services will be transferred to Vanco. You must contact your local exchange carrier to re-establish freeze protection for your Services after the transfer. Vanco will be responsible for any outstanding UAI customer complaints after the date of transfer. If you have any questions, please call one of Vanco's Customer Service Representatives at 1-866-578-2626.

Vanco plc (FTSE: VAN), the pioneering and leading global Virtual Network Operator (VNO), does not own any network infrastructure and therefore provides its clients with the freedom to benefit from cost-effective, optimized, and fully-managed network solutions on a global basis. Vanco has solutions available in 230 countries and territories with clients currently operating in 142 countries, utilizing Vanco as the single point of contact for each entire end-to-end solution. Its unique business model has been a success for almost two decades, and the list of world leading companies who rely upon Vanco for their network communications solutions includes Accor Hotels, Avis, British Airways, Ford Motor Company, IBM/ Lloyds TSB, Pilkington and Siemens. Vanco is recognized throughout the industry for its financial success and world class customer service delivery. For more information - www.vanco.info.

We at Vanco are pleased to welcome you to our team and would like to express our appreciation for allowing us the opportunity to be your telecommunication service provider. We are confident that you will be pleased with the high quality of our service.

Yours faithfully,

Ted Raffetto
Vanco

Randy Lay
Universal Access